

Message Text

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ACTION SS-15

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INRE-00 /043 W

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O 191019Z MAY 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 9011

SECDEF WASHDC IMMEDIATE

INFO CINC EUR VAIHINGEN IMMEDIATE

USNMR SHAPE IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 02 BONN 08515

SECDEF (ATTN: DSAA/ISA SA)

E. O. 11652: GDS

TAGS: MASS, GW

SUBJECT: MAAG REQUIREMENT STUDY

REF: STATE 119079 DTG 141703Z MAY 76

BEGIN SUMMARY: I CONSIDER THE PRESENCE OF MAAG GERMANY TO BE OF MAJOR IMPORTANCE IN TERMS OF U.S. NATIONAL INTERESTS. LAST YEAR, THE FRG PURCHASED (AND PAID CASH FOR) MORE THAN \$225 MILLION WORTH OF MATERIEL AND SERVICES THROUGH FMS. WITHOUT THE PRESENCE OF MAAG, SALES OF THAT MAGNITUDE WOULD BE IMPOSSIBLE AND OUR BOP POSITION WOULD BE AFFECTED SIGNIFICANTLY. PERHAPS EVEN MORE IMPORTANT WOULD BE THE DELETERIOUS EFFECT A MAAG WITHDRAWAL WOULD HAVE ON NATO DEFENSIVE CAPABILITIES. WHATEVER DEGREE OF STANDARDIZATION OF MAJOR NATO FORCES HAS ALREADY BEEN ACHIEVED HAS STEMMED IN LARGE MEASURE FROM ONE OF THE "TWIN PILLARS OF NATO" (THE FRG) PURCHASING WEAPONS AND TRAINING FROM THE OTHER "PILLAR" (THE U.S.). SHOULD MAAG BE TERMINATED, STANDARDIZATION WOULD DIMINISH, NOT INCREASE AS THE CONGRESS HAS MANDATED. THE ABOLITION OF MAAG WOULD ALSO HAVE SERIOUS POLITICAL REPERCUSSIONS ON OUR
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BILATERAL RELATIONS WITH THE FRG. THE GERMANS WOULD

ALMOST CERTAINLY INTERPRET OUR ACTION AS SIGNALING A
LESSENING INTEREST IN WESTERN DEFENSE, AND, PERHAPS AS
A VIOLATION OF BILATERAL U.S. COMMITMENTS TO THE FRG.
END SUMMARY.

1. IN SPITE OF THE HIGH VISIBILITY OF FRG PROGRAMS SUCH
AS THE LEOPARD 2 TANK AND THE MRCA AIRCRAFT, THE U.S.
IS THE PRIME EXTERNAL SOURCE OF MILITARY EQUIPMENT,
LOGISTIC SUPPLIES, AND TRAINING FOR THE FRG. IN 1975
THE FRG PURCHASED (AND PAID CASH FOR) \$225.6 MILLION
WORTH OF MATERIEL AND SERVICES THROUGH FOREIGN MILI-
TARY SALES PROCEDURES. THE MAAG PLAYS A KEY ROLE IN
ADMINISTERING THIS PROGRAM, AND A DRASTIC REORGANIZATION
ON BOTH SIDES WOULD BE REQUIRED IF THE MAAG WERE
ELIMINATED.

2. THE FRG ACTIVELY SEEKS PARTICIPATION IN THE DEVELOP-
MENT OF MANY MAJOR WEAPONS SYSTEMS PROGRAMS WHICH
HELPS DEFRAY U.S. R&D COSTS AND ULTIMATELY REDUCES THE
COST TO THE U.S. OF LONG-PRODUCTION RUN ITEMS. THE
MAAG PLAYS A KEY ROLE IN IDENTIFYING FRG INTEREST AND
REQUIREMENTS TO DOD AND INDUSTRY ON THESE FUTURE SYSTEMS.
ELIMINATION OF THE MAAG WOULD DIMINISH U.S. INFLUENCE
IN ASSISTING THE FRG TO DEFINE ITS MILITARY REQUIREMENTS
AND THE RESULTANT TRANSLATION OF THESE REQUIREMENTS INTO
FMS AND COOPERATIVE LOGISTIC PROGRAMS WITH THE U.S.

3. THE SIGNIFICANT MILITARY CONTRIBUTION TO
NATO MADE BY THE FRG JUSTIFIES U.S. SUPPORT IN THE FORM
OF A MAAG OF APPROPRIATE DEPTH AND RESPONSIVENESS. THE
FRG CONTRIBUTION TO NATO IS THE LARGEST IN TERMS OF
GROUND AND AIR FORCE OF ANY EUROPEAN PARTNER. NOT ONLY
ARE FRG FORCES SIGNIFICANT IN NUMBERS, THEY ALSO HAVE
THE MOST MODERN EQUIPMENT OF ANY EUROPEAN COUNTRY IN
NATO. MOST OF THIS EQUIPMENT IS OF U.S. ORIGIN, AND
THERE IS NO INDICATION THAT THERE WILL BE ANY DIMINISHED
INTEREST IN HIGHLY SOPHISTICATED U.S. EQUIPMENT IN THE
FUTURE (E.G., THE MUCH PUBLICIZED GERMAN FRIGATE WHICH
WILL HAVE EXTENSIVE U.S. EQUIPMENT ON BOARD; PERSHING II
SURFACE-TO-SURFACE MISSILE SYSTEM; SAM-D AIR DEFENSE
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SYSTEM; ADVANCED TERMINALLY SEEKING PROJECTILES,
ROCKETS AND MISSILES; FIRE CONTROL SYSTEM FOR
HELICOPTERS; ADVANCED ELECTRONIC COUNTERMEASURE
WARFARE PODS FOR LUFTWAFFE AIRCRAFT -- THESE ITEMS
REPRESENT TECHNOLOGICALLY ADVANCED SYSTEMS WHICH THROUGH
THE ALMOST DAILY LIAISON OF MAAG ARE IN FUTURE FRG PLANS,

4. STANDARDIZATION WITHIN NATO CAN ONLY BE ACHIEVED IF

THERE IS A VERY CLOSE COOPERATION ON CONCEPTS AND
EQUIPMENT BETWEEN THE TWO MOST IMPORTANT ALLIES IN THE

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ALLIANCE. THE MAAG AGAIN PLAYS AN IMPORTANT ROLE IN
THIS COOPERATION AND CONTACT.

5. THE FRG WANTS THE MAAG. THIS IS SHOWN BY THE FACT
THAT THE FRG PAYS FOR THE ENTIRE OPERATION OF THE
MAAG, EXCEPT U.S. SALARIES. THIS INCLUDES ALL OF THE
TDY COST OF U.S.-BASED PERSONNEL COMING TO GERMANY ON
FRG MWAG BUSINESS, PERMANENT CHANGE OF STATION MOVES,
SHARED ADMINISTRATIVE SUPPORT PAID TO THE STATE DEPART-
MENT, HOUSING, ETC.

6. THE OCTOBER 8, 1956 LETTER FROM THE ACTING SECRETARY
TO THE FRG'S AMBASSADOR IN WASHINGTON DESCRIBES THE
BILATERAL ARRANGEMENT WHEREBY OUR MAAG IS TO ACT AS A
CONSULTING AND LIAISON BODY FOR QUESTIONS ARISING OUT
OF THE IMPLEMENTATION OF THE MILITARY SECURITY ACT AND
THE MUTUAL DEFENSE ASSISTANCE AGREEMENT. WHILE THIS
BILATERAL ARRANGEMENT MAY BE TERMINATED, THE FRG WOULD
VIEW SUCH A STEP WITH CONCERN. IT WOULD CERTAINLY HAVE

AN ADVERSE EFFECT ON OUR BILATERAL RELATIONS.

7. THE FEDERAL MINISTRY OF DEFENSE HAS BEEN CAREFULLY
OBSERVING THE PROVISIONS AND PROGRESS OF THE FOREIGN
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AID BILL THROUGH THE CONGRESS. IT HAS EXPRESSED CON-
CERN, CITING THE AGREEMENT MENTIONED IN PARA. 6 ABOVE,
THAT THE USG WOULD CONSIDER ELIMINATING THE MAAG WITHOUT
CONSULTATIONS WITH THE FRG. THE FMOD IS CONSIDERING
RAISING THE MATTER WITH DOD DEPENDING UPON THE FINAL
PROVISIONS OF THE FOREIGN AID ACT.

8. IN MY OPINION, THE PRESENT SIZE OF THE MAAG IS
APPROPRIATE FOR THE PURPOSES IT IS DESIGNED TO SERVE.
WHILE THE NAME COULD -- AND PERHAPS SHOULD -- BE CHANGED
TO REFLECT WHAT THE MAAG REALLY DOES, ITS TASKS CANNOT
BE PERFORMED EFFECTIVELY BY SIGNIFICANTLY FEWER PEOPLE.
CERTAINLY A THREE-MAN TEAM ATTACHED TO THE EMBASSY WOULD
BE WHOLLY INADEQUATE TO CARRY OUT THESE HIGHLY TECHNICAL
RESPONSIBILITIES. NOR COULD THESE TASKS BE PERFORMED
BY THE FRG'S MILITARY REPRESENTATIVES OFFICE IN
WASHINGTON. THAT OFFICE'S MAIN FUNCTIONS ARE ONLY TO:

A. EXERCISE ADMINISTRATIVE AND JUDICIAL CONTROL
OVER ALL MEMBERS OF THE BUNDESWEHR ON PERMANENT OR
TEMPORARY DUTY IN THE U.S. AND CANADA;

B. ACT AS FREIGHT FORWARDER OF ALL MILITARY
EQUIPMENT PROCURED UNDER FMS OR COMMERCIAL CONTRACTS;
AND

C. MONITOR FRG ACCOUNTS WITH THE U.S. TREASURY AND
BILLING FOR PURCHASES UNDER FMS.

9. CONCLUSION: IN MY CONSIDERED OPINION, U.S. NATIONAL
INTERESTS REQUIRE THE PRESENCE OF A MAAG OFFICE
(WHATEVER IT MAY ULTIMATELY BE CALLED) IN THE FRG OF
APPROXIMATELY ITS CURRENT SIZE. MAAG GERMANY PLAYS
A KEY ROLE IN ACHIEVING A HEALTHY BALANCE OF PAYMENTS
POSITION, IN INCREASING NATO'S DEFENSIVE CAPABILITIES
THROUGH STANDARDIZATION, AND IN PROMOTING THE EVEN
TENOR OF US-FRG BILATERAL RELATIONS. I BELIEVE IT WOULD
BE A SERIOUS MISTAKE TO LINK THE UNDERSTANDABLE DESIRE
OF THE CONGRESS TO LIMIT U.S. ARMS SALES TO THIRD WORLD
COUNTRIES (WHICH OFTEN CANNOT AFFORD SUCH PURCHASES,
OR WHICH MIGHT USE THE ARMS IN WAYS INIMICABLE TO U.S.
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INTERESTS) TO THE EXISTENCE OF MAAG GERMANY; THE
PURPOSE OF WHICH IS TO FACILITATE CASH SALES TO OUR
MAJOR NATO ALLY, THE FRG.
HILLENBRAND

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